A MORTGAGE GUIDE FOR DENTISTS

Buying a home as a dentist can be daunting and a confusing process as there is a lot to consider. The guide is split into relevant sections to help you navigate through the different areas when considering purchasing a new home with a mortgage.

The Costs of Buying a Home

Once you've saved up an amount to contribute towards the cost of purchasing your home, you will also need to consider additional costs as well.

DEPOSIT

A larger deposit will always mean more competitive interest rates. We would always suggest that you plan for buying a house as soon as possible, we often tell new dentists to think about this as soon as their career gets going. Plan to put away a certain percentage of your income so that you can plan how many years it would take to build up a big enough deposit for your new home.

NEWLY QUALIFIED DENTIST?

As a new dentist just getting started in your career you may not be in a position to stump up a big deposit for a house, however, there are ways of getting the house of your dreams with a smaller deposit, for example, there is a 95% mortgage scheme available to buyers from a lot of lenders right now. If you need advice on this please contact us to find out more.
You will also need to save for additional costs such as solicitors, stamp duty, and estate agency fees, if you're selling a property. Having an idea of the additional costs will help you budget for when you find your dream property

VALUATION FEES

As part of the mortgage application process, the lender will need to visit the property your are looking to buy in order to determine the value of the property, this checks that in the eyes of the lender, the property you're purchasing is worth the agreed purchase price. Some lenders do not charge for the valuation, whereas others charge anything between £150 – £1,500 depending on the value of the property.

SURVEYOR'S FEES

For your own peace of mind, you may want to consider a more in-depth survey on the property, this confirms if there is any works to be done on the property and reconfirms the condition before you purchase the property; otherwise, there could be some hidden costs!
During an appointment with PFM Dental will talk about when's the best time to instruct an independent surveyor.

SOLICITOR'S FEES

The solicitors will carry out the legal work for the purchase of your property, they will review the draft contracts, order searches, (documents provided by parties such as local authorities or environmental agency, these will highlight things such as flood risk, land stability, leal ownership etc), and raise enquiries (questions sent to the seller's solicitors that include requests for further information or guarantees/ planning permission for any work that the vendor has carried out).

OFFSET MORTGAGES FOR SELF-EMPLOYED DENTISTS

These are often overlooked by many potential buyers as they are generally not as straightforward but may benefit some more than others.

An offset mortgage is available to some lenders who also hold a savings account with their mortgage supplier. You will be able to offset the mortgage balance with your savings and therefore pay a lower interest rate.

A self-employed dentist may want to take advantage of these types of mortgages as you may have savings account for things like taxes and expenditure that can build up to large amounts. Why not use this to lower your mortgage rates?

INSURANCES

It is a legal requirement stipulated by the lender that the property must be insured through house insurance, we also recommend that you consider taking out content's insurance as this protects your valuables within your home.

In addition to protecting the home, we would also recommend that you consider personal protection to make sure you can always keep the home in the event of ill health. There are different types of personal insurance such as income protection, life insurance and critical illness cover.

Once you've purchased your property you will have ongoing commitments to keep running the property such as your mortgage payment, council tax, water, utility bills, internet etc. During an appointment with PFM Dental we can talk about the costs of running the property to allow you to budget monthly.

The Mortgage Application Process

FIRST CONSULTATION

The mortgage process can seem daunting and long winded; here at PFM; we explain the mortgage process to you in detail; taking through each individual step and also answering any questions that you may have.

During the first appointment, you will discuss your current circumstances and affordability, this will then be reviewed to reveal how much you can borrow, and the costs involved.

After the appointment, research will be carried out on your behalf; this means speaking to numerous different lenders; reviewing their affordability calculations and the product that they have available. This process will find the most suitable lender for you, based on your individual circumstances.

DECISION IN PRINCIPLE

After initial research, the next steps would be to get a Decision in Principle with the lender; this is based on the lender's credit search and scoring system. Once your decision in principle has been approved; it's time for you to start looking for that dream home. The majority of estate agents will require to see a copy of the Decision in Principle prior to accepting an offer on a property; therefore, it's important to have this before viewing any houses

FULL MORTGAGE APPLICATION

Once you've had an offer accepted on a property; it's time to submit your full mortgage application to the lender. This is where the underwriters review the details of your mortgage application, assess your income, expenditure, and value the property. The valuation is to determine that the property is worth what you're paying for it.

MORTGAGE OFFER

Once the underwriters have reviewed the full mortgage application; this process normally takes a couple of weeks. You'll receive a formal mortgage offer; this means that the lender has accepted the mortgage application on your behalf, the mortgage offers usually last with the majority of lenders 6 months.

SOLICITORS

You'll now be in the hands of the solicitors through to completion; they'll start the legal process and will be in regular contact with you. The next stage would be exchange of contracts; this means that you're legally bound to purchase the property.

COMPLETION

Once your solicitors have completed all of the legal work and you've exchanged contracts; you'll arrange a suitable completion date; on this day you will officially own the property. From submitting the full mortgage application through to completion; the average transaction usually takes around three months to complete.

BUYING THE BEST HOME FOR YOU

Moving to a new home is incredibly exciting. However, it can sometimes seem a little daunting. Here's a high level break down of the house buying process to help.

Check how much you can afford to spend

Your mortgage broker is here to help with the first steps, looking at your income and outgoings along with the amount of deposit to find out how much you can actually afford.

Choose your mortgage

Based on an assessment of your financial situation, we'll have a look at the various mortgage options available for you.

Get a mortgage Decision in Principle

A mortgage Decision in Principle serves as proof to sellers that you can afford what you offer them.

Think about where you want to live

Think about house prices in the area and the area itself. What can you afford here? Could you see yourself living here?

Choose your property

Once you know where you'd like to live, start researching local properties. Know the market well!

Found your perfect home? The next stage is buying it!

Don't be afraid to offer below the asking price - estate agents are legally obliged to present all offers to the seller.

Offer accepted? Now finalise your mortgage!

As a broker we liaise with your lender to arrange a valuation on the property to make sure it's worth what you're paying. Once they're happy, a mortgage offer will be issued.

The legal side

When you've found a solicitor or conveyancer, we can work with them to start the formal proceedings and take care of the legal transfer of the property.

Surveying your prospective property

You might like to get a more detailed survey carried out on the property. If a potential problem emerges in your survey, you could employ a tradesman or builder to quote how much it will cost to fix it. You may wish to use this information to lower your offer.

Exchanging contracts

When the contracts are completed, your solicitor or conveyancer will exchange contracts with theirs and the two sides will agree on a date to complete the sale.

Completion

Your solicitor will total up a completion statement. This details everything you need to pay, as well as remaining fees and stamp duty costs. After you've signed the transfer deed for the property and your conveyancer has sent over the money owed, congratulations are in order - **you've officially completed your purchase!**

Moving into your first home - a checklist

Moving into your first home is an exciting milestone and the start of a brand new chapter in your life. But that doesn't mean it's easy. So how can you make moving in as joyous and stress-free as possible?

Here's a handy checklist to help you get started…

One month before…

- [ ] Get quotes from removal firms and book a company to help you move your possessions.
- [ ] Research your new area so you know about local amenities, issues and anything else you might need to know.
- [ ] Order packing materials - your removal company might be able to help.
- [ ] Make a full inventory of your possessions, so you can keep track of them when you're moving in.
- [ ] Declutter! Use this opportunity to clear out items you don't want or need any more. Removal firms charge by volume, so doing this before you move in could save you money.
- [ ] Book the time off work.
- [ ] Order any furnishings you need for your new home.

Two weeks before…

- [ ] Let utility providers know about your move.
- [ ] Complete the Post Office mail redirection form.
- [ ] Start packing non-essential items, such as decorations.
- [ ] Organise childcare and someone to look after the pets on the day of your move.

One week before…

- [ ] Put any essential items such as passports and insurance documents in a safe place, where they can be accessed if you need them.
- [ ] Tell your local council and ask for a council tax statement.
- [ ] Send out an email or cards to inform your friends and family about your new address.
- [ ] Prepare a box of moving day essentials.

- [ ] Do as much of your packing as you can, rather than leave it to the last minute.
- [ ] Label each box, so you know which ones to unpack first when you arrive.
- [ ] Transfer into pots any plants you will be taking.
- [ ] Return any borrowed items.
- [ ] Find out when you need to collect keys from your estate agent.

The night before…

- [ ] Make sure you are fully packed and have carried out a final check of your current home.
- [ ] Pack a night bag for your first night in your new property, so you don't have to hunt through boxes looking for essentials at the end of a busy day.
- [ ] Charge your phone.
- [ ] Pack together a kit of tools such as a sharp knife, so you can easily open boxes.

The big day…

- [ ] Make sure you and the removals company know the way to your new home.
- [ ] Arrive at your new home before the removals company arrives, so you can guide them in and show them where to put boxes.
- [ ] Check for any items damaged during the move before the removal team leaves.
- [ ] Make sure that the previous owners haven't left anything.
- [ ] Check all keys work in the relevant locks.
- [ ] Plug in your electric appliances.
- [ ] Don't rush. It will take time for you to unpack everything, so don't feel you have to get everything done on day one.

When you're settling in…

- [ ] Take meter readings from the new property and contact utility companies.

- [ ] Get to know your neighbours and local area.

Remember, your new home is always a work-in-progress. You can update fixtures and fittings whenever you like, so don't rush into getting it all perfect in your first few days.

How PFM Dental Can Help?

It’s never too early to speak to us about purchasing a property, whether you’re a new dentist and at the very first steps and thinking about purchasing a property or you’ve fallen in love with your dream property. The first appointment will be focused on your requirements and your circumstances.

We will be able to discuss how much you can borrow
How much it would costs monthly
The costs involved in purchasing the property.
We will then be able to complete a decision in principle on your behalf, the majority of estate agents require these upfront when offering on a property. The decision in principle will confirm how much you can borrow and is your ticket to viewing houses.

We understand that dentists trade under different business structures, we can help Limited Company directors, self-employed associate dentists and partners find a mortgage. We also specialise in finding mortgages for newly qualified dentists.

Book an appointment today and see how we can help you.

Lyndsey Pickering
Financial Advisor

Lyndsey is an experienced financial adviser, taking responsibility for our new associate dental clients, working closely with the PFM Accountancy team. Lyndsey strives to keep her clients’ needs at the forefront of her advice process, specialising in mortgages, income protection, regular pension and savings advice . A rewarding aspect of Lyndsey’s role is to help clients purchase their first home, or move onto their forever homes. Lyndsey will get you the right mortgage based on your circumstances for the right cost

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